Nova Scotia
Department of
Agriculture and Marketing

RP-87-700
Agdex 821.410 03

Dairy Farm Business Summary

1986

1986

NOVA SCOTIA DAIRY FARM

BUSINESS SUMMARY REPORT

PREPARED BY:

GABRIEL COMEAU

SUPERVISOR, FARM MANAGEMENT

AND

DEBBIE FREEMAN

TECHNICIAN, FARM MANAGEMENT

EXTENSION SERVICES BRANCH

NOVA SCOTIA DEPARTMENT OF AGRICULTURE AND MARKETING

PREFACE

The 1986 Nova Scotia Dairy Farm Business Summary is a synopsis of the business performance of one hundred and thirty-seven (137) Nova Scotia Dairy Farms. The majority of these farms participated in the CanFarm Records Program in 1986.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered to have their data included in the summary. Hence, care should be exercised in the use and interpretation of the results shown in the various tables of this publication.

Despite this limitation, this publication can be used by farmers to compare their individual results with group average figures for farms with similar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmer's own records, and comparison of these fro year to year.

The co-operation of the one hundred and thirty-seven (137) dairy producers who participated in this summary is gratefully acknowledged. Without their co-operation and data, no summary would be possible.

We would also like to acknowledge several individuals who contributed significantly to this publication: Darlene Acton, Alan Grant, and Jim Houghton, who assisted with data collection; and Tracey Mitchell who performed the secretarial duties.

Every effort has been made to ensure the accuracy of this report; however, the authors accept full responsibility for any errors or omissions which may inadvertantly appear in the final version.

Gabriel V. Comeau, P.Ag.
Supervisor, Farm Management

Debbie Freeman
Farm Management Technician

JUNE 1987

TABLE OF CONTENTS

	PAGE
SECTION A - INTRODUCTION	1
SECTION B - UNIT SIZE - 20-39 COWS	6
SECTION C - UNIT SIZE - 40-59 COWS	16
SECTION D - UNIT SIZE - 60-99 COWS	26
SECTION E - UNIT SIZE - 100+ COWS	36
SECTION F - ANALYSIS OF ALL FARMS	46
SECTION G - NET FARM INCOME ANALYSIS	56
SECTION H - PRODUCTION ANALYSIS	61
SECTION I - INVESTMENT ANALYSIS	66
SECTION J - SUMMARY	71
APPENDIX	74

INDEX OF FIGURES

FIGURE A-1:	DISTRIBUTION OF 137 DAIRY FARMS BY REGION WITHIN NOVA SCOTIA	2
FIGURE A-2:	DISTRIBUTION OF 137 DAIRY FARMS BY GROSS FARM INCOME	3

Section A

Introduction

INTRODUCTION

The Nova Scotia Dairy Farm Business Summary is designed to provide bench-mark information that can be used to compare the financial strength and weakness of individual dairy farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analysing the farm business, you must ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. By identifying the weaknesses of your business and taking corrective action, the profit picture should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business.

- You can compare your performance with group average data for farms of similiar size and general characteristics. This report may be useful in this regard.

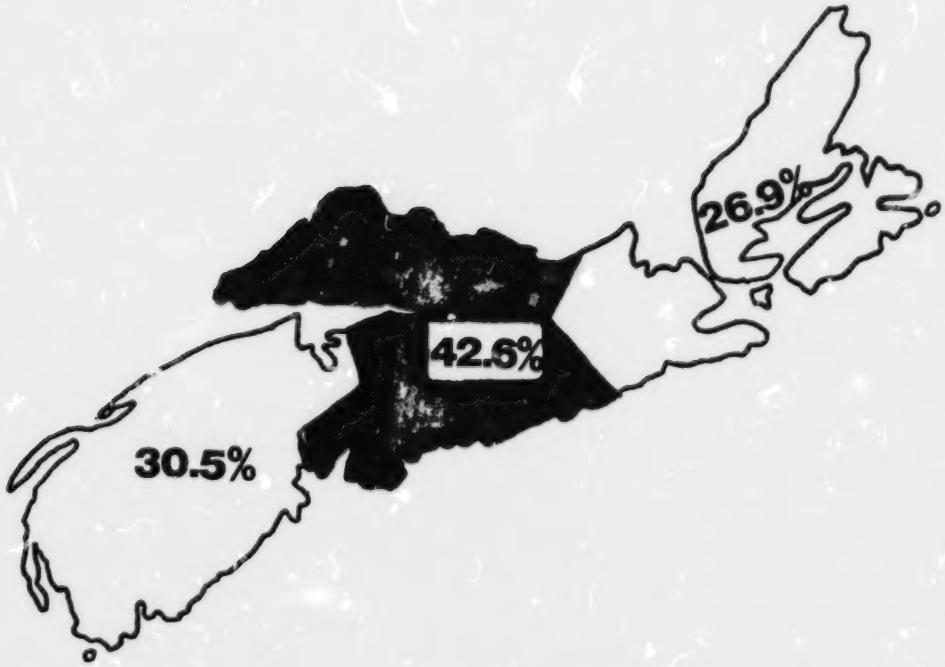
- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

In 1986, there were a total of 587 fluid milk producers in Nova Scotia. Basic data for this summary was prepared from 137 of these farms located throughout Nova Scotia. These 137 farms represent 23.3 percent of the total number of fluid milk farms in the province.

In terms of production, these farms included in the summary produced 51,178,405 litres of milk for sale. The total milk produced by fluid milk farmers in the province was 171,495,003 litres. Hence, in terms of production, farms included in this summary produced 29.8 percent of the milk produced by fluid milk farms in Nova Scotia.

Figure A-1 provides information on the distribution of these one hundred and thirty-seven (137) farms relative to their location in the province. A description of the counties contained in each region can be found following figure A-1.

FIGURE A-1: DISTRIBUTION OF 137 DAIRY FARMS BY REGION WITHIN NOVA SCOTIA



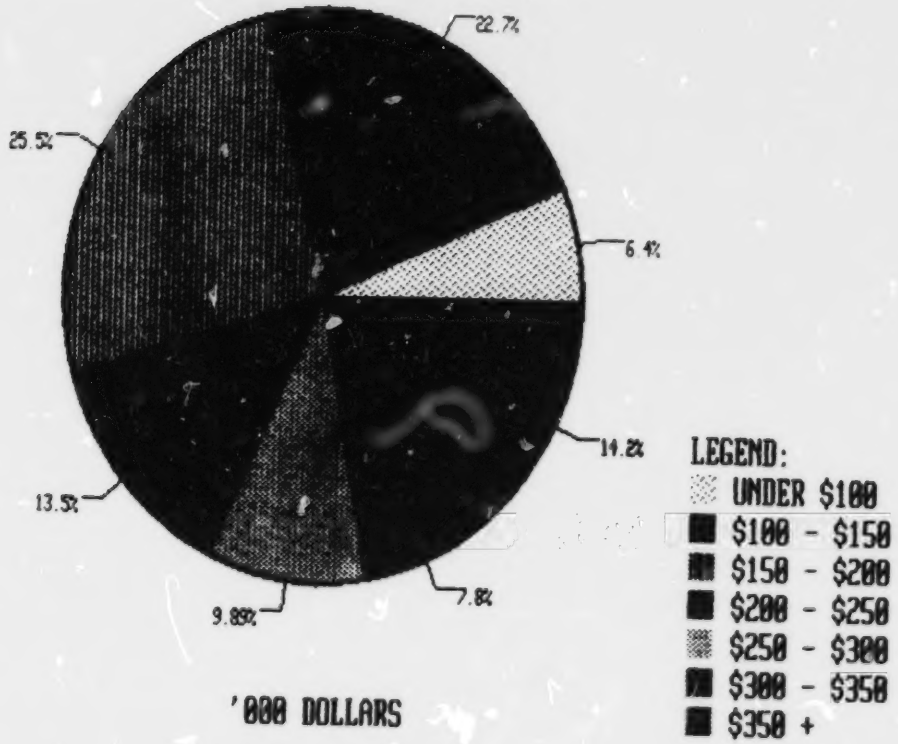
Central Region: Represents dairy farms from Colchester, Cumberland, East Hants, Halifax and Pictou Counties.

Eastern Region: Represents dairy farms from Antigonish, Cape Breton, Inverness and Victoria Counties.

Western Region: Represents dairy farms from Annapolis, Kings, Lunenburg, West Hants and Yarmouth Counties.

Figure A-2 provides information on the distribution of these one hundred and thirty-seven (137) dairy farms relative to the size of the business measured in terms of Gross Farm Income.

FIGURE A-2: DISTRIBUTION OF 137 DAIRY FARMS BY GROSS FARM INCOME



The one hundred and thirty-seven (137) dairy farms in the summary were classified into four (4) groups according to herd size. These groups were (1) 20-39 Cows; (2) 40-59 Cows; (3) 60-99 Cows; and (4) 100 plus Cows. The basic format for the presentation of the information in this summary is as follows for sections "B" through "F".

1. Receipts
2. Expenses
3. Income Summary
4. Net Cost of Production
5. Production Analysis
6. Balance Sheet
7. Balance Sheet Analysis
8. Labour Analysis
9. Analysis of Expenses
10. Receipts and Expenses Summary

Sections "G" through "I" provide additional information on the one hundred and thirty-seven (137) dairy farms by reclassifying these farms on the basis of Net Farm Income, Production and Investment Levels per cow.

Sections "J" provides a summary of various production and management factors found throughout this summary.

The Appendix contains comparison figures for the total group based on a per farm, per cow, per hectolitre, per hundredweight and percentage analysis basis. In addition, a Glossary of Terms used in the summary is provided.

Throughout the analysis, several assumptions were made and used that should be noted. These include:

(a) Tax depreciation was used in place of management depreciation. This may result in a slightly "higher than normal" depreciation figure in this summary.

(b) Operator labour value must be considered minimal. The value chosen was the 1985 figure plus 2 percent in all size groups.

(c) Investment figures used were farmers book values. These may or may not represent cost. They may or may not represent market value. Rather, some mixture of the two concepts may be more representative in many instances.

(d) Interest on equity was calculated using a 10 percent interest rate.

Given the above explanatory notes, the basic data was then prepared. Throughout the summary, per farm and per cow figures are presented.

It should be noted that, in collecting 1986 data, an attempt was made to ensure that only the business portion of utilities and vehicle expenses was recorded. Hired labour man equivalents were obtained from interviews, as opposed to a standard mathematical calculation for every farm. Both of these changes represent a change from procedure in previous years, and should be taken into account when making historical comparisons.

Section B

Unit Size

20·39 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 101,570. or $ 3,081. on a per cow basis. This amount accounted for 86.4 percent of Total Farm Receipts. Of this amount, fluid milk represented 72.5 percent, manufacturing milk 24.1 percent and milk subsidy 3.4 percent.

Livestock sales averaged 6.9 percent of Total Farm Receipts, while Crop Sales were 0.3 percent and Miscellaneous Sales were 6.4 percent.

Total Farm Receipts averaged $ 117,522. per farm or $ 3,565. on a per cow basis.

TABLE B-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 73,639.	$ 2,234.
Manufacturing Milk Sales	24,522.	744.
Milk Subsidy	3,410.	103.
Livestock Sales	8,081.	245.
Crop Sales	327.	10.
Miscellaneous Sales	7,544.	229.
TOTAL FARM RECEIPTS	$ 117,522.	$ 3,565.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 88,984. per farm or $ 2,699. per cow. Purchased dairy feed was the largest expense item and accounted for 29.7 percent of this total.

Other major expenses were; interest at 13.1 percent, milk marketing at 8.0 percent, miscellaneous at 7.4 percent, crop expenses at 5.9 percent, and hired labour at 5.8 percent.

TABLE B-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 3,593.	$ 109.
Dairy Feed	26,450.	802.
Livestock Purchases	2,742.	83.
Vet & Drugs	1,257.	38.
Breeding	1,434.	44.
Dairy Supplies	2,481.	75.
Milk Marketing	7,137.	217.
Crop Expense	5,226.	159.
Building & Fence Repair	2,003.	61.
Utilities	3,200.	97.
Tractor & Machinery Expense	5,079.	154.
Truck & Auto	2,210.	67.
Interest	11,634.	353.
Hired Labour	5,118.	155.
Taxes	994.	30.
Insurance	1,800.	55.
Miscellaneous	6,625.	201.
TOTAL CASH EXPENSES	$ 88,984.	$ 2,699.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 28,538. per farm or $ 866. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 16,097. per farm or $ 488 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 6,674. per farm or $ 202. per cow.

TABLE B-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 117,522.	$ 3,565.
Total Cash Expenses	88,984.	2,699.
NET CASH INCOME	$ 28,538.	$ 866.
Plus: Inventory Change	$ 890.	$ 27.
Less: Depreciation	13,331.	404.
NET FARM INCOME	$ 16,097.	$ 488.
Less: Unpaid Family Labour	$ 2,138.	$ 65.
Interest on Equity @10%	7,285.	221.
LABOUR AND MANAGEMENT INCOME	$ 6,674.	$ 202.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 105,933. per farm or $ 3,213. per cow. On a per hectolitre of milk sold basis, this cost was $ 53.66 The return from the sale of milk averaged $ 51.45 leaving a net return over costs of $ -2.21 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 48.07, leaving a Net Return of $ 3.38 . This then would be the return to Operator Labour.

TABLE B-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 88,984.	$ 2,699.
Plus: Depreciation		13,331.	404.
Inventory Change		-890.	-27.
Interest on Equity @ 10%		7,285.	221.
Unpaid Family Labour		2,138.	65.
Operator Labour		11,037.	335.
Less: Sales (Excl. Milk)		15,952.	484.
NET COST OF PRODUCING MILK		$ 105,933.	$ 3,213.
Number of Cows	(#)	33	1
Total Litres of Milk Sold	(L)	197,398	5,988
Price Received per HL	($)	51.45	51.45
Cost of Producing Milk/HL	($)	53.66	53.66
NET RETURN PER HL	($)	-2.21	-2.21

PRODUCTION ANALYSIS

Total milk sales averaged 197,398 litres per farm. For farms in this group, 33 cows per farm was the average with milk sold per cow standing at 5,988 litres.

Fluid milk represented 67.6 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 72.5 percent of milk sales. Average blend price for all milk was 51.45 per hectolitre.

Purchased feed averaged $ 802. per cow or $ 13.40 per hectolitre of milk sold. These dollars represented 2,968 kilograms of feed per cow consumed.

TABLE B-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	33	1
Total Litres of Milk Sold	(L)	197,398	5,988
Value of Milk Sold	($)	101,570	3,081
Price Received per HL Milk	($)	51.45	51.45
Fluid Milk (L's as % of Total Milk)	(%)	67.6	67.6
Fluid Milk ($'s as % of Total Milk)	($)	72.5	72.5
Cost of Dairy Feed	($)	26,450	802
Feed Cost per HL Milk Sold	($)	13.40	13.40
Feed Cost as % of Total Cost	(%)	25.9	25.9
Feed Cost as % of Milk Cost	(%)	26.0	26.0
Kilograms of Feed/HL Milk	(Kgs)	49.57	49.57
Kilograms of Feed	(Kgs)	94,984	2,968
Pounds of Feed	(Lbs)	208,965	6,530

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 209,838. per farm or $ 6,365. per cow. Liabilities averaged $ 136,986. per farm and $ 4,155. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 72,852. per farm or $ 2,210. per cow.

TABLE B-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 37,323.	$ 1,132.
" " - Buildings	43,589.	1,322.
" " - Machinery	36,490.	1,107.
" " - Livestock	39,884.	1,210.
" " - Crops & Supp	8,275.	251.
" " - Milk Quota	28,984.	879.
" " - Acct's Rec'able	15,294.	464.
" " - Other	0.	0.
TOTAL INVENTORY VALUE - ASSETS	$ 209,838.	$ 6,365.
LIABILITIES:		
Short Term	$ 5,745.	$ 174.
Intermediate Term	14,308.	434.
Long Term	116,933.	3,547.
TOTAL LIABILITIES	$ 136,986.	$ 4,155.
EQUITY OR NET WORTH	$ 72,852.	$ 2,210.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 34.72 percent. Farms received a return to equity capital of 4.01 percent and a return to capital of 6.94 percent.

Capital Turnover averaged 1.77 years.

Total Assets to Total Liabilities ratio was 1.53 - for every dollar of debt there were 1.53 of assets.

Net Income as a percent of Gross Farm Income averaged 13.59 percent for this group of farms.

TABLE B-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	34.72
Return on Equity	(%)	4.01
Return on Invested Capital	(%)	6.94
Capital Turnover	(Yrs)	1.77
Current Assets/Current Liabilities	($)	11.04
Total Assets/Total Liabilities	($)	1.53
Total Liabilities/Equity	($)	1.88
Net Income/Gross Income	(%)	13.59

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 1.64 man equivalents; composed of 1.27 operator and unpaid family labour and .37 hired man equivalents.

For each man equivalent, 20 cows were maintained with 120,355 litres of milk sold at a value of $ 61,928.

Labour Income per man equivalent averaged $ 6,964.

TABLE B-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	33
Operator & Family Man Equivalents	(#)	1.27
Hired Man Equivalents	(#)	.37
Total Man Equivalents	(#)	1.64
Cows per Man Equivalent	(#)	20
Milk Sold per Man Equilivent	(L)	120,355
Milk Sold per Man Equivalent	($)	61,928
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	6,964

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 25.9 percent of Total Expenses. Other major expenses were; depreciation at 13.0 percent, interest at 11.4 percent, milk marketing at 7.0, miscellaneous expense at 6.5 percent, and crop expenses at 5.1 percent of Total Expenses.

TABLE B-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 109.	3.5%
Dairy Feed	802.	25.9
Livestock Purchased	83.	2.7
Vet & Drugs	38.	1.2
Breeding	44.	1.4
Dairy Supplies	75.	2.4
Milk Marketing	217.	7.0
Crop Expenses	159.	5.1
Building & Fence Repairs	61.	2.0
Utilities	97.	3.1
Tractor & Machinery Expenses	154.	5.0
Truck & Auto Expenses	67.	2.2
Interest	353.	11.4
Hired Labour	155.	5.0
Taxes	30.	1.0
Insurance	55.	1.8
Miscellaneous	201.	6.5
Depreciation	404.	13.0
TOTAL EXPENSES	$ 3,104.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE B-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,234.	$ 37.30	$ 16.43
Manufacturing Milk	744.	12.42	5.47
Milk Subsidies	103.	1.73	.76
Livestock Sales	245.	4.09	1.80
Crop Sales	10.	.17	.07
Miscellaneous Sales	229.	3.82	1.68
TOTAL CASH RECEIPTS	$ 3,565.	$ 59.54	$ 26.23
Adj. for Inventory Change	$ 27.	$ .45	$ .20
TOTAL FARM RECEIPTS	$ 3,592.	$ 59.99	$ 26.43
EXPENSES:			
Milk Hauling	$ 109.	$ 1.82	$ .80
Dairy Feed	802.	13.40	5.90
Livestock Purchases	83.	1.39	.61
Vet & Drugs	38.	.64	.28
Breeding	44.	.73	.32
Dairy Supplies	75.	1.26	.55
Milk Marketing	217.	3.62	1.59
Crop Expenses	159.	2.65	1.17
Building & Fence Repair	61.	1.01	.45
Utilities	97.	1.62	.71
Tractor & Machinery Repair	154.	2.57	1.13
Truck & Auto Expense	67.	1.12	.49
Interest	353.	5.89	2.60
Hired Labour	155.	2.59	1.14
Taxes	30.	.50	.22
Insurance	55.	.91	.40
Miscellaneous	201.	3.36	1.48
TOTAL CASH EXPENSES	$ 2,699.	$ 45.08	$ 19.86
Building Depreciation	$ 104.	$ 1.74	$ .77
Machinery Depreciation	300.	5.01	.80
TOTAL DEPRECIATION	$ 404.	$ 6.75	$ 2.98
TOTAL FARM EXPENSES	$ 3,104.	$ 51.83	$ 22.83
NET FARM INCOME	$ 488.	$ 8.15	$ 3.59

Section C

Unit Size

40·59 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 148,794. or $ 2,980. on a per cow basis. This amount accounted for 85.7 percent of Total Farm Receipts. Of this amount, fluid milk represented 72.1 percent, manufacturing milk 24.5 percent and milk subsidy 3.4 percent.

Livestock sales averaged 6.9 percent of Total Farm Receipts, while Crop Sales were 1.2 percent and Miscellaneous Sales were 6.2 percent.

Total Farm Receipts averaged $ 173,713. per farm or $ 3,479. on a per cow basis.

TABLE C-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 107,273.	$ 2,148.
Manufacturing Milk Sales	36,467.	730.
Milk Subsidy	5,054.	101.
Livestock Sales	11,975.	240.
Crop Sales	2,153.	43.
Miscellaneous Sales	10,791.	216.
TOTAL FARM RECEIPTS	$ 173,713.	$ 3,479.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 129,965. per farm or $ 2,603. per cow. Purchased dairy feed was the largest expense item and accounted for 29.7 percent of this total.

Other major expenses were; interest at 11.4 percent, hired labour at 9.3 percent, milk marketing at 7.0, crop expenses at 6.7 percent, and tractor and machinery expense at 6.4 percent.

TABLE C-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 5,357.	$ 107.
Dairy Feed	38,557.	772.
Livestock Purchases	2,809.	56.
Vet & Drugs	1,783.	36.
Breeding	2,043.	41.
Dairy Supplies	4,121.	83.
Milk Marketing	9,109.	182.
Crop Expense	8,736.	175.
Building & Fence Repair	3,508.	70.
Utilities	4,168.	83.
Tractor & Machinery Expense	8,310.	166.
Truck & Auto	2,431.	49.
Interest	14,795.	296.
Hired Labour	12,035.	241.
Taxes	1,250.	25.
Insurance	2,742.	55.
Miscellaneous	8,213.	164.
TOTAL CASH EXPENSES	$ 129,965.	$ 2,603.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 43,748. per farm or $ 877. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 28,391. per farm or $ 569 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 15,080. per farm or $ 302. per cow.

TABLE C-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 173,713.	$ 3,479.
Total Cash Expenses	129,965.	2,603.
NET CASH INCOME	$ 43,748.	$ 877.
Plus: Inventory Change	$ 2,389.	$ 48.
Less: Depreciation	17,747.	355.
NET FARM INCOME	$ 28,391.	$ 569.
Less: Unpaid Family Labour	$ 2,300.	$ 46.
Interest on Equity @10%	11,011.	221.
LABOUR AND MANAGEMENT INCOME	$ 15,080.	$ 302.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 148,583. per farm or $ 2,976. per cow. On a per hectolitre of milk sold basis, this cost was $ 51.28 The return from the sale of milk averaged $ 51.35 leaving a net return over costs of $ .07 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 46.15, leaving a Net Return of $ 5.20 . This then would be the return to Operator Labour.

TABLE C-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 129,965.	$ 2,603.
Plus: Depreciation		17,747.	355.
Inventory Change		-2,389.	-48.
Interest on Equity @ 10%		11,011.	221.
Unpaid Family Labour		2,300.	46.
Operator Labour		14,869.	298.
Less: Sales (Excl. Milk)		24,920.	499.
NET COST OF PRODUCING MILK		$ 148,583.	$ 2,976.
Number of Cows	(#)	50	1
Total Litres of Milk Sold	(L)	289,742	5,803
Price Received per HL	($)	51.35	51.35
Cost of Producing Milk/HL	($)	51.28	51.28
NET RETURN PER HL	($)	.07	.07

PRODUCTION ANALYSIS

Total milk sales averaged 289,742 litres per farm. For farms in this group, 50 cows per farm was the average with milk sold per cow standing at 5,803 litres.

Fluid milk represented 67.2 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 72.1 percent of milk sales. Average blend price for all milk was 51.35 per hectolitre.

Purchased feed averaged $ 772. per cow or $ 13.31 per hectolitre of milk sold. These dollars represented 2,889 kilograms of feed per cow consumed.

TABLE C-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	50	1
Total Litres of Milk Sold	(L)	289,742	5,803
Value of Milk Sold	($)	148,794	2,980
Price Received per HL Milk	($)	51.35	51.35
Fluid Milk (L's as % of Total Milk)	(%)	67.2	67.2
Fluid Milk ($'s as % of Total Milk)	($)	72.1	72.1
Cost of Dairy Feed	($)	38,557	772
Feed Cost per HL Milk Sold	($)	13.31	13.31
Feed Cost as % of Total Cost	(%)	26.1	26.1
Feed Cost as % of Milk Cost	(%)	25.9	25.9
Kilograms of Feed/HL Milk	(Kgs)	49.80	49.80
Kilograms of Feed	(Kgs)	141,585	2,889
Pounds of Feed	(Lbs)	311,487	6,357

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 285,050. per farm or $ 5,709. per cow. Liabilities averaged $ 174,941. per farm and $ 3,504. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 110,110. per farm or $ 2,205. per cow.

TABLE C-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 45,554.	$ 912.
" " - Buildings	50,976.	1,021.
" " - Machinery	49,686.	995.
" " - Livestock	68,165.	1,365.
" " - Crops & Supp	14,335.	287.
" " - Milk Quota	34,326.	687.
" " - Acct's Rec'able	22,009.	441.
" " - Other	0.	0.
TOTAL INVENTORY VALUE - ASSETS	$ 285,050.	$ 5,709.
LIABILITIES:		
Short Term	$ 19,099.	$ 383.
Intermediate Term	23,941.	479.
Long Term	131,900.	2,642.
TOTAL LIABILITIES	$ 174,941.	$ 3,504.
EQUITY OR NET WORTH	$ 110,110.	$ 2,205.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 38.63 percent. Farms received a return to equity capital of 10.19 percent and a return to capital of 9.13 percent.

Capital Turnover averaged 1.62 years.

Total Assets to Total Liabilities ratio was 1.63 - for every dollar of debt there were 1.63 of assets.

Net Income as a percent of Gross Farm Income averaged 16.12 percent for this group of farms.

TABLE C-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	38.63
Return on Equity	(%)	10.19
Return on Invested Capital	(%)	9.13
Capital Turnover	(Yrs)	1.62
Current Assets/Current Liabilities	($)	5.47
Total Assets/Total Liabilities	($)	1.63
Total Liabilities/Equity	($)	1.59
Net Income/Gross Income	(%)	16.12

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.22 man equivalents; composed of 1.39 operator and unpaid family labour and .83 hired man equivalents.

For each man equivalent, 22 cows were maintained with 130,287 litres of milk sold at a value of $ 66,908.

Labour Income per man equivalent averaged $ 12,471.

TABLE C-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	50
Operator & Family Man Equivalents	(#)	1.39
Hired Man Equivalents	(#)	.83
Total Man Equivalents	(#)	2.22
Cows per Man Equivalent	(#)	22
Milk Sold per Man Equilivent	(L)	130,287
Milk Sold per Man Equivalent	($)	66,908
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	12,471

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 26.1 percent of Total Expenses. Other major expenses were; depreciation at 12.0 percent, interest at 10.0 percent, hired labour at 8.1 percent, milk marketing at 6.2, crop expenses at 5.9 percent, and tractor and machinery at 5.6 percent of Total Expenses.

TABLE C-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 107.	3.6%
Dairy Feed	772.	26.1
Livestock Purchased	56.	1.9
Vet & Drugs	36.	1.2
Breeding	41.	1.4
Dairy Supplies	83.	2.8
Milk Marketing	182.	6.2
Crop Expenses	175.	5.9
Building & Fence Repairs	70.	2.4
Utilities	83.	2.8
Tractor & Machinery Expenses	166.	5.6
Truck & Auto Expenses	49.	1.6
Interest	296.	10.0
Hired Labour	241.	8.1
Taxes	25.	.8
Insurance	55.	1.9
Miscellaneous	164.	5.6
Depreciation	355.	12.0
TOTAL EXPENSES	$ 2,958.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE C-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,148.	$ 37.02	$ 16.31
Manufacturing Milk	730.	12.59	5.54
Milk Subsidies	101.	1.74	.77
Livestock Sales	240.	4.13	1.82
Crop Sales	43.	.74	.33
Miscellaneous Sales	216.	3.72	1.64
TOTAL CASH RECEIPTS	$ 3,479.	$ 59.95	$ 26.41
Adj. for Inventory Change	$ 48.	$ .82	$ .36
TOTAL FARM RECEIPTS	$ 3,527.	$ 60.78	$ 26.77
EXPENSES:			
Milk Hauling	$ 107.	$ 1.85	$ .81
Dairy Feed	772.	13.31	5.86
Livestock Purchases	56.	.97	.43
Vet & Drugs	36.	.62	.27
Breeding	41.	.70	.31
Dairy Supplies	83.	1.42	.63
Milk Marketing	182.	3.14	1.39
Crop Expenses	175.	3.01	1.33
Building & Fence Repair	70.	1.21	.53
Utilities	83.	1.44	.63
Tractor & Machinery Repair	166.	2.87	1.26
Truck & Auto Expense	49.	.84	.37
Interest	296.	5.11	2.25
Hired Labour	241.	4.15	1.83
Taxes	25.	.43	.19
Insurance	55.	.95	.42
Miscellaneous	164.	2.83	1.25
TOTAL CASH EXPENSES	$ 2,603.	$ 44.86	$ 19.76
Building Depreciation	$ 87.	$ 1.51	$ .66
Machinery Depreciation	268.	4.62	.81
TOTAL DEPRECIATION	$ 355.	$ 6.13	$ 2.70
TOTAL FARM EXPENSES	$ 2,958.	$ 50.98	$ 22.46
NET FARM INCOME	$ 569.	$ 9.80	$ 4.32

Section D

Unit Size

60·99 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 227,118. or $ 3,005. on a per cow basis. This amount accounted for 86.4 percent of Total Farm Receipts. Of this amount, fluid milk represented 73.1 percent, manufacturing milk 23.7 percent and milk subsidy 3.3 percent.

Livestock sales averaged 7.5 percent of Total Farm Receipts, while Crop Sales were 0.9 percent and Miscellaneous Sales were 5.2 percent.

Total Farm Receipts averaged $ 262,799. per farm or $ 3,477. on a per cow basis.

TABLE D-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 165,951.	$ 2,196.
Manufacturing Milk Sales	53,745.	711.
Milk Subsidy	7,423.	98.
Livestock Sales	19,628.	260.
Crop Sales	2,461.	33.
Miscellaneous Sales	13,591.	180.
TOTAL FARM RECEIPTS	$ 262,799.	$ 3,477.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 197,139. per farm or $ 2,609. per cow. Purchased dairy feed was the largest expense item and accounted for 28.3 percent of this total.

Other major expenses were; hired labour at 11.8 percent, interest at 10.3 percent, crop expenses at 7.0 percent, tractor and machinery expense at 6.8, and miscellaneous at 6.7 percent.

TABLE D-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 7,820.	$ 103.
Dairy Feed	55,752.	738.
Livestock Purchases	6,860.	91.
Vet & Drugs	2,617.	35.
Breeding	2,774.	37.
Dairy Supplies	5,942.	79.
Milk Marketing	12,979.	172.
Crop Expense	13,805.	183.
Building & Fence Repair	4,797.	63.
Utilities	5,231.	69.
Tractor & Machinery Expense	13,434.	178.
Truck & Auto	2,974.	39.
Interest	20,366.	269.
Hired Labour	23,323.	309.
Taxes	1,548.	20.
Insurance	3,755.	50.
Miscellaneous	13,162.	174.
TOTAL CASH EXPENSES	$ 197,139.	$ 2,609.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 65,660. per farm or $ 869. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 41,227. per farm or $ 546 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 21,102. per farm or $ 279. per cow.

TABLE D-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 262,799.	$ 3,477.
Total Cash Expenses	197,139.	2,609.
NET CASH INCOME	$ 65,660.	$ 869.
Plus: Inventory Change	$ 3,813.	$ 50.
Less: Depreciation	28,247.	374.
NET FARM INCOME	$ 41,227.	$ 546.
Less: Unpaid Family Labour	$ 2,579.	$ 34.
Interest on Equity @10%	17,546.	232.
LABOUR AND MANAGEMENT INCOME	$ 21,102.	$ 279.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 223,768. per farm or $ 2,961. per cow. On a per hectolitre of milk sold basis, this cost was $ 50.94 The return from the sale of milk averaged $ 51.70 leaving a net return over costs of $ .76 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 46.90, leaving a Net Return of $ 4.80 . This then would be the return to Operator Labour.

TABLE D-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 197,139.	$ 2,609.
Plus: Depreciation		28,247.	374.
Inventory Change		-3,813.	-50.
Interest on Equity @ 10%		17,546.	232.
Unpaid Family Labour		2,579.	34.
Operator Labour		17,752.	235.
Less: Sales (Excl. Milk)		35,681.	472.
NET COST OF PRODUCING MILK		$ 223,768.	$ 2,961.
Number of Cows	(#)	76	1
Total Litres of Milk Sold	(L)	439,301	5,813
Price Received per HL	($)	51.70	51.70
Cost of Producing Milk/HL	($)	50.94	50.94
NET RETURN PER HL	($)	.76	.76

PRODUCTION ANALYSIS

Total milk sales averaged 439,301 litres per farm. For farms in this group, 76 cows per farm was the average with milk sold per cow standing at 5,813 litres.

Fluid milk represented 68.3 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 73.1 percent of milk sales. Average blend price for all milk was 51.70 per hectolitre.

Purchased feed averaged $ 738. per cow or $ 12.69 per hectolitre of milk sold. These dollars represented 2,819 kilograms of feed per cow consumed.

TABLE D-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	76	1
Total Litres of Milk Sold	(L)	439,301	5,813
Value of Milk Sold	($)	227,118	3,005
Price Received per HL Milk	($)	51.70	51.70
Fluid Milk (L's as % of Total Milk)	(%)	68.3	68.3
Fluid Milk ($'s as % of Total Milk)	($)	73.1	73.1
Cost of Dairy Feed	($)	55,752	738
Feed Cost per HL Milk Sold	($)	12.69	12.69
Feed Cost as % of Total Cost	(%)	24.7	24.7
Feed Cost as % of Milk Cost	(%)	24.5	24.5
Kilograms of Feed/HL Milk	(Kgs)	48.50	48.50
Kilograms of Feed	(Kgs)	211,452	2,819
Pounds of Feed	(Lbs)	465,151	6,202

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 415,202. per farm or $ 5,494. per cow. Liabilities averaged $ 239,738. per farm and $ 3,172. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 175,464. per farm or $ 2,322. per cow.

TABLE D-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 55,809.	$ 738.
" " - Buildings	77,402.	1,024.
" " - Machinery	79,408.	1,051.
" " - Livestock	101,065.	1,337.
" " - Crops & Supp	23,306.	308.
" " - Milk Quota	42,312.	560.
" " - Acct's Rec'able	35,900.	475.
" " - Other	0.	0.
TOTAL INVENTORY VALUE - ASSETS	$ 415,202.	$ 5,494.
LIABILITIES:		
Short Term	$ 29,098.	$ 385.
Intermediate Term	50,341.	666.
Long Term	160,299.	2,121.
TOTAL LIABILITIES	$ 239,738.	$ 3,172.
EQUITY OR NET WORTH	$ 175,464.	$ 2,322.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 42.26 percent. Farms received a return to equity capital of 11.91 percent and a return to capital of 9.94 percent.

Capital Turnover averaged 1.56 years.

Total Assets to Total Liabilities ratio was 1.73 - for every dollar of debt there were 1.73 of assets.

Net Income as a percent of Gross Farm Income averaged 15.46 percent for this group of farms.

TABLE D-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	42.26
Return on Equity	(%)	11.91
Return on Invested Capital	(%)	9.94
Capital Turnover	(Yrs)	1.56
Current Assets/Current Liabilities	($)	5.51
Total Assets/Total Liabilities	($)	1.73
Total Liabilities/Equity	($)	1.37
Net Income/Gross Income	(%)	15.46

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.88 man equivalents; composed of 1.44 operator and unpaid family labour and 1.44 hired man equivalents.

For each man equivalent, 26 cows were maintained with 152,328 litres of milk sold at a value of $ 78,753.

Labour Income per man equivalent averaged $ 16,442.

TABLE D-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	76
Operator & Family Man Equivalents	(#)	1.44
Hired Man Equivalents	(#)	1.44
Total Man Equivalents	(#)	2.88
Cows per Man Equivalent	(#)	26
Milk Sold per Man Equilivent	(L)	152,328
Milk Sold per Man Equivalent	($)	78,753
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	16,442

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 24.7 percent of Total Expenses. Other major expenses were; depreciation at 12.5 percent, hired labour at 10.3 percent, interest at 9.0 percent, crop expenses at 6.1 percent, tractor and machinery at 6.0 percent and milk marketing at 5.8 percent of Total Expenses.

TABLE D-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 103.	3.5%
Dairy Feed	738.	24.7
Livestock Purchased	91.	3.0
Vet & Drugs	35.	1.2
Breeding	37.	1.2
Dairy Supplies	79.	2.6
Milk Marketing	172.	5.8
Crop Expenses	183.	6.1
Building & Fence Repairs	63.	2.1
Utilities	69.	2.3
Tractor & Machinery Expenses	178.	6.0
Truck & Auto Expenses	39.	1.3
Interest	269.	9.0
Hired Labour	309.	10.3
Taxes	20.	.7
Insurance	50.	1.7
Miscellaneous	174.	5.8
Depreciation	374.	12.5
TOTAL EXPENSES	$ 2,982.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE D-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,196.	$ 37.78	$ 16.64
Manufacturing Milk	711.	12.23	5.39
Milk Subsidies	98.	1.69	.74
Livestock Sales	260.	4.47	1.97
Crop Sales	33.	.56	.25
Miscellaneous Sales	180.	3.09	1.36
TOTAL CASH RECEIPTS	$ 3,477.	$ 59.82	$ 26.35
Adj. for Inventory Change	$ 50.	$ .87	$ .38
TOTAL FARM RECEIPTS	$ 3,528.	$ 60.69	$ 26.74
EXPENSES:			
Milk Hauling	$ 103.	$ 1.78	$ .78
Dairy Feed	738.	12.69	5.59
Livestock Purchases	91.	1.56	.69
Vet & Drugs	35.	.60	.26
Breeding	37.	.63	.28
Dairy Supplies	79.	1.35	.60
Milk Marketing	172.	2.95	1.30
Crop Expenses	183.	3.14	1.38
Building & Fence Repair	63.	1.09	.48
Utilities	69.	1.19	.52
Tractor & Machinery Repair	178.	3.06	1.35
Truck & Auto Expense	39.	.68	.30
Interest	269.	4.64	2.04
Hired Labour	309.	5.31	2.34
Taxes	20.	.35	.16
Insurance	50.	.85	.38
Miscellaneous	174.	3.00	1.32
TOTAL CASH EXPENSES	$ 2,609.	$ 44.88	$ 19.77
Building Depreciation	$ 90.	$ 1.54	$ .68
Machinery Depreciation	284.	4.89	.78
TOTAL DEPRECIATION	$ 374.	$ 6.43	$ 2.83
TOTAL FARM EXPENSES	$ 2,982.	$ 51.31	$ 22.60
NET FARM INCOME	$ 546.	$ 9.38	$ 4.13

Section E

Unit Size

100+ cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 383,550. or $ 2,957. on a per cow basis. This amount accounted for 89.7 percent of Total Farm Receipts. Of this amount, fluid milk represented 69.3 percent, manufacturing milk 26.8 percent and milk subsidy 3.9 percent.

Livestock sales averaged 5.7 percent of Total Farm Receipts, while Crop Sales were .6 percent and Miscellaneous Sales were 4.0 percent.

Total Farm Receipts averaged $ 427,617. per farm or $ 3,297. on a per cow basis.

TABLE E-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 265,898.	$ 2,050.
Manufacturing Milk Sales	102,814.	793.
Milk Subsidy	14,838.	114.
Livestock Sales	24,347.	188.
Crop Sales	2,544.	20.
Miscellaneous Sales	17,176.	132.
TOTAL FARM RECEIPTS	$ 427,617.	$ 3,297.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 320,264. per farm or $ 2,470. per cow. Purchased dairy feed was the largest expense item and accounted for 31.7 percent of this total.

Other major expenses were; hired labour at 10.8 percent, interest at 9.6 percent, tractor and machinery expense at 7.9 percent, milk marketing at 7.5 percent, and miscellaneous at 7.4 percent.

TABLE E-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 12,903.	$ 99.
Dairy Feed	101,615.	784.
Livestock Purchases	2,517.	19.
Vet & Drugs	3,898.	30.
Breeding	5,013.	39.
Dairy Supplies	7,599.	59.
Milk Marketing	23,983.	185.
Crop Expense	21,187.	163.
Building & Fence Repair	8,303.	64.
Utilities	7,997.	62.
Tractor & Machinery Expense	25,400.	196.
Truck & Auto	3,790.	29.
Interest	30,616.	236.
Hired Labour	34,519.	266.
Taxes	2,406.	19.
Insurance	4,839.	37.
Miscellaneous	23,681.	183.
TOTAL CASH EXPENSES	$ 320,264.	$ 2,470.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 107,352. per farm or $ 828. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 73,774. per farm or $ 569 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 40,775. per farm or $ 314. per cow.

TABLE E-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 427,617.	$ 3,297.
Total Cash Expenses	320,264.	2,470.
NET CASH INCOME	$ 107,352.	$ 828.
Plus: Inventory Change	$ 10,556.	$ 81.
Less: Depreciation	44,135.	340.
NET FARM INCOME	$ 73,774.	$ 569.
Less: Unpaid Family Labour	$ 3,436.	$ 26.
Interest on Equity @10%	29,563.	228.
LABOUR AND MANAGEMENT INCOME	$ 40,775.	$ 314.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 372,617. per farm or $ 2,873. per cow. On a per hectolitre of milk sold basis, this cost was $ 50.27 The return from the sale of milk averaged $ 51.74 leaving a net return over costs of $ 1.47 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 46.24, leaving a Net Return of $ 5.50 . This then would be the return to Operator Labour.

TABLE E-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 320,264.	$ 2,470.
Plus: Depreciation		44,135.	340.
Inventory Change		-10,556.	-81.
Interest on Equity @ 10%		29,563.	228.
Unpaid Family Labour		3,436.	26.
Operator Labour		29,843.	230.
Less: Sales (Excl. Milk)		44,067.	340.
NET COST OF PRODUCING MILK		$ 372,617.	$ 2,873.
Number of Cows	(#)	130	1
Total Litres of Milk Sold	(L)	741,297	5,716
Price Received per HL	($)	51.74	51.74
Cost of Producing Milk/HL	($)	50.27	50.27
NET RETURN PER HL	($)	1.47	1.47

PRODUCTION ANALYSIS

Total milk sales averaged 741,297 litres per farm. For farms in this group, 130 cows per farm was the average with milk sold per cow standing at 5,716 litres.

Fluid milk represented 64.5 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 69.3 percent of milk sales. Average blend price for all milk was 51.74 per hectolitre.

Purchased feed averaged $ 784. per cow or $ 13.71 per hectolitre of milk sold. These dollars represented 3,255 kilograms of feed per cow consumed.

TABLE E-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	130	1
Total Litres of Milk Sold	(L)	741,297	5,716
Value of Milk Sold	($)	383,550	2,957
Price Received per HL Milk	($)	51.74	51.74
Fluid Milk (L's as % of Total Milk)	(%)	64.5	64.5
Fluid Milk ($'s as % of Total Milk)	($)	69.3	69.3
Cost of Dairy Feed	($)	101,615	784
Feed Cost per HL Milk Sold	($)	13.71	13.71
Feed Cost as % of Total Cost	(%)	27.9	27.9
Feed Cost as % of Milk Cost	(%)	26.5	26.5
Kilograms of Feed/HL Milk	(Kgs)	56.94	56.94
Kilograms of Feed	(Kgs)	419,840	3,255
Pounds of Feed	(Lbs)	923,648	7,160

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 604,392. per farm or $ 4,660. per cow. Liabilities averaged $ 308,758. per farm and $ 2,381. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 295,634. per farm or $ 2,280. per cow.

TABLE E-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 87,494.	$ 675.
" " - Buildings	115,908.	894.
" " - Machinery	127,543.	983.
" " - Livestock	154,132.	1,188.
" " - Crops & Supp	37,386.	288.
" " - Milk Quota	35,162.	271.
" " - Acct's Rec'able	46,767.	361.
" " - Other	0.	0.
TOTAL INVENTORY VALUE - ASSETS	$ 604,392.	$ 4,660.
LIABILITIES:		
Short Term	$ 20,236.	$ 156.
Intermediate Term	84,907.	655.
Long Term	203,615.	1,570.
TOTAL LIABILITIES	$ 308,758.	$ 2,381.
EQUITY OR NET WORTH	$ 295,634.	$ 2,280.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 48.91 percent. Farms received a return to equity capital of 13.70 percent and a return to capital of 11.77 percent.

Capital Turnover averaged 1.38 years.

Total Assets to Total Liabilities ratio was 1.96 - for every dollar of debt there were 1.96 of assets.

Net Income as a percent of Gross Farm Income averaged 16.84 percent for this group of farms.

TABLE E-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	48.91
Return on Equity	(%)	13.70
Return on Invested Capital	(%)	11.77
Capital Turnover	(Yrs)	1.38
Current Assets/Current Liabilities	($)	11.78
Total Assets/Total Liabilities	($)	1.96
Total Liabilities/Equity	($)	1.04
Net Income/Gross Income	(%)	16.84

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 4.21 man equivalents; composed of 2.08 operator and unpaid family labour and 2.13 hired man equivalents.

For each man equivalent, 31 cows were maintained with 176,288 litres of milk sold at a value of $ 91,212.

Labour Income per man equivalent averaged $ 21,255.

TABLE E-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	130
Operator & Family Man Equivalents	(#)	2.08
Hired Man Equivalents	(#)	2.13
Total Man Equivalents	(#)	4.21
Cows per Man Equivalent	(#)	31
Milk Sold per Man Equilivent	(L)	176,288
Milk Sold per Man Equivalent	($)	91,212
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	21,255

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 27.9 percent of Total Expenses. Other major expenses were; depreciation at 12.1 percent, hired labour at 9.5 percent, interest at 8.4 percent, tractor and machinery at 7.0 percent, milk marketing at 6.6 percent, and miscellaneous at 6.5 percent of Total Expenses.

TABLE E-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 99.	3.5%
Dairy Feed	784.	27.9
Livestock Purchased	19.	.7
Vet & Drugs	30.	1.1
Breeding	39.	1.4
Dairy Supplies	59.	2.1
Milk Marketing	185.	6.6
Crop Expenses	163.	5.8
Building & Fence Repairs	64.	2.3
Utilities	62.	2.2
Tractor & Machinery Expenses	196.	7.0
Truck & Auto Expenses	29.	1.0
Interest	236.	8.4
Hired Labour	266.	9.5
Taxes	19.	.7
Insurance	37.	1.3
Miscellaneous	183.	6.5
Depreciation	340.	12.1
TOTAL EXPENSES	$ 2,810.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE E-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,050.	$ 35.87	$ 15.80
Manufacturing Milk	793.	13.87	6.11
Milk Subsidies	114.	2.00	.88
Livestock Sales	188.	3.28	1.45
Crop Sales	20.	.34	.15
Miscellaneous Sales	132.	2.32	1.02
TOTAL CASH RECEIPTS	$ 3,297.	$ 57.69	$ 25.41
Adj. for Inventory Change	$ 81.	$ 1.42	$ .63
TOTAL FARM RECEIPTS	$ 3,379.	$ 59.11	$ 26.04
EXPENSES:			
Milk Hauling	$ 99.	$ 1.74	$ .77
Dairy Feed	784.	13.71	6.04
Livestock Purchases	19.	.34	.15
Vet & Drugs	30.	.53	.23
Breeding	39.	.68	.30
Dairy Supplies	59.	1.03	.45
Milk Marketing	185.	3.24	1.43
Crop Expenses	163.	2.86	1.26
Building & Fence Repair	64.	1.12	.49
Utilities	62.	1.08	.48
Tractor & Machinery Repair	196.	3.43	1.51
Truck & Auto Expense	29.	.51	.23
Interest	236.	4.13	1.82
Hired Labour	266.	4.66	2.05
Taxes	19.	.32	.14
Insurance	37.	.65	.29
Miscellaneous	183.	3.19	1.41
TOTAL CASH EXPENSES	$ 2,470.	$ 43.20	$ 19.03
Building Depreciation	$ 72.	$ 1.27	$ .56
Machinery Depreciation	268.	4.69	.77
TOTAL DEPRECIATION	$ 340.	$ 5.95	$ 2.62
TOTAL FARM EXPENSES	$ 2,810.	$ 49.16	$ 21.66
NET FARM INCOME	$ 569.	$ 9.95	$ 4.38

Section F

Analysis of

All Farms

RECEIPTS

The all farms category had receipts from milk and milk subsidy of $ 192,740. or $ 2,996. on a per cow basis. This amount accounted for 87.0 percent of Total Farm Receipts. Of this amount, fluid milk represented 71.9 percent, manufacturing milk 24.7 percent and milk subsidy 3.4 percent.

Livestock sales averaged 6.9 percent of Total Farm Receipts, while Crop Sales were 0.9 percent and Miscellaneous Sales were 5.3 percent.

Total Farm Receipts averaged $ 221,624. per farm or $ 3,445. on a per cow basis.

TABLE F-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 138,564.	$ 2,154.
Manufacturing Milk Sales	47,527.	739.
Milk Subsidy	6,649.	103.
Livestock Sales	15,193.	236.
Crop Sales	1,905.	30.
Miscellaneous Sales	11,786.	183.
TOTAL FARM RECEIPTS	$ 221,624.	$ 3,445.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 166,261. per farm or $ 2,585. per cow. Purchased dairy feed was the largest expense item and accounted for 29.6 percent of this total.

Other major expenses were; interest at 10.7 percent, hired labour at 10.2 percent, milk marketing at 7.1 percent, tractor and machinery expense at 6.8 percent, and miscellaneous at 6.8 percent.

TABLE F-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 6,697.	$ 104.
Dairy Feed	49,169.	764.
Livestock Purchases	4,150.	65.
Vet & Drugs	2,201.	34.
Breeding	2,507.	39.
Dairy Supplies	4,793.	75.
Milk Marketing	11,742.	183.
Crop Expense	11,160.	173.
Building & Fence Repair	4,181.	65.
Utilities	4,768.	74.
Tractor & Machinery Expense	11,356.	177.
Truck & Auto	2,728.	42.
Interest	17,861.	278.
Hired Labour	17,019.	265.
Taxes	1,431.	22.
Insurance	3,128.	49.
Miscellaneous	11,370.	177.
TOTAL CASH EXPENSES	$ 166,261.	$ 2,585.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 55,363. per farm or $ 861. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 35,403. per farm or $ 550 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 18,306. per farm or $ 285. per cow.

TABLE F-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 221,624.	$ 3,445.
Total Cash Expenses	166,261.	2,585.
NET CASH INCOME	$ 55,363.	$ 861.
Plus: Inventory Change	$ 3,503.	$ 54.
Less: Depreciation	23,464.	365.
NET FARM INCOME	$ 35,403.	$ 550.
Less: Unpaid Family Labour	$ 2,493.	$ 39.
Interest on Equity @10%	14,604.	227.
LABOUR AND MANAGEMENT INCOME	$ 18,306.	$ 285.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 190,874. per farm or $ 2,967. per cow. On a per hectolitre of milk sold basis, this cost was $ 51.10 The return from the sale of milk averaged $ 51.59 leaving a net return over costs of $ .50 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 46.69, leaving a Net Return of $ 4.90 . This then would be the return to Operator Labour.

TABLE F-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 166,261.	$ 2,585.
Plus: Depreciation		23,464.	365.
Inventory Change		-3,503.	-54.
Interest on Equity @ 10%		14,604.	227.
Unpaid Family Labour		2,493.	39.
Operator Labour		16,440.	256.
Less: Sales (Excl. Milk)		28,884.	449.
NET COST OF PRODUCING MILK		$ 190,874.	$ 2,967.
Number of Cows	(#)	64	1
Total Litres of Milk Sold	(L)	373,565	5,807
Price Received per HL	($)	51.59	51.59
Cost of Producing Milk/HL	($)	51.10	51.10
NET RETURN PER HL	($)	.50	.50

PRODUCTION ANALYSIS

Total milk sales averaged 373,565 litres per farm. For farms in this group, 64 cows per farm was the average with milk sold per cow standing at 5,807 litres.

Fluid milk represented 67.1 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 71.9 percent of milk sales. Average blend price for all milk was 51.59 per hectolitre.

Purchased feed averaged $ 764. per cow or $ 13.16 per hectolitre of milk sold. These dollars represented 2,956 kilograms of feed per cow consumed.

TABLE F-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	64	1
Total Litres of Milk Sold	(L)	373,565	5,807
Value of Milk Sold	($)	192,740	2,996
Price Received per HL Milk	($)	51.59	51.59
Fluid Milk (L's as % of Total Milk)	(%)	67.1	67.1
Fluid Milk ($'s as % of Total Milk)	($)	71.9	71.9
Cost of Dairy Feed	($)	49,169	764
Feed Cost per HL Milk Sold	($)	13.16	13.16
Feed Cost as % of Total Cost	(%)	25.9	25.9
Feed Cost as % of Milk Cost	(%)	25.5	25.5
Kilograms of Feed/HL Milk	(Kgs)	50.90	50.90
Kilograms of Feed	(Kgs)	189,179	2,956
Pounds of Feed	(Lbs)	416,193	6,503

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 350,526. per farm or $ 5,449. per cow. Liabilities averaged $ 204,488. per farm and $ 3,179. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 146,039. per farm or $ 2,270. per cow.

TABLE F-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 52,168.	$ 811.
" " - Buildings	66,008.	1,026.
" " - Machinery	66,086.	1,027.
" " - Livestock	83,299.	1,295.
" " - Crops & Supp	18,778.	292.
" " - Milk Quota	35,994.	560.
" " - Acct's Rec'able	28,196.	438.
" " - Other	0.	0.
TOTAL INVENTORY VALUE - ASSETS	$ 350,526.	$ 5,449.
LIABILITIES:		
Short Term	$ 19,738.	$ 307.
Intermediate Term	38,009.	591.
Long Term	146,741.	2,281.
TOTAL LIABILITIES	$ 204,488.	$ 3,179.
EQUITY OR NET WORTH	$ 146,039.	$ 2,270.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 41.66 percent. Farms received a return to equity capital of 11.28 percent and a return to capital of 9.79 percent.

Capital Turnover averaged 1.56 years.

Total Assets to Total Liabilities ratio was 1.71 - for every dollar of debt there were 1.71 of assets.

Net Income as a percent of Gross Farm Income averaged 15.73 percent for this group of farms.

TABLE F-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	41.66
Return on Equity	(%)	11.28
Return on Invested Capital	(%)	9.79
Capital Turnover	(Yrs)	1.56
Current Assets/Current Liabilities	($)	6.60
Total Assets/Total Liabilities	($)	1.71
Total Liabilities/Equity	($)	1.40
Net Income/Gross Income	(%)	15.73

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.59 man equivalents; composed of 1.46 operator and unpaid family labour and 1.13 hired man equivalents.

For each man equivalent, 25 cows were maintained with 144,242 litres of milk sold at a value of $ 74,421.

Labour Income per man equivalent averaged $ 14,229.

TABLE F-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	64
Operator & Family Man Equivalents	(#)	1.46
Hired Man Equivalents	(#)	1.13
Total Man Equivalents	(#)	2.59
Cows per Man Equivalent	(#)	25
Milk Sold per Man Equilivent	(L)	144,242
Milk Sold per Man Equivalent	($)	74,421
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	14,229

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 25.9 percent of Total Expenses. Other major expenses were; depreciation at 12.4 percent, interest at 9.4 percent, hired labour at 9.0 percent, milk marketing at 6.2 percent, tractor and machinery at 6.0 percent, and miscellaneous at 6.0 percent of Total Expenses.

TABLE F-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 104.	3.5%
Dairy Feed	764.	25.9
Livestock Purchased	65.	2.2
Vet & Drugs	34.	1.2
Breeding	39.	1.3
Dairy Supplies	75.	2.5
Milk Marketing	183.	6.2
Crop Expenses	173.	5.9
Building & Fence Repairs	65.	2.2
Utilities	74.	2.5
Tractor & Machinery Expenses	177.	6.0
Truck & Auto Expenses	42.	1.4
Interest	278.	9.4
Hired Labour	265.	9.0
Taxes	22.	.8
Insurance	49.	1.6
Miscellaneous	177.	6.0
Depreciation	365.	12.4
TOTAL EXPENSES	$ 2,949.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE F-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,154.	$ 37.09	$ 16.34
Manufacturing Milk	739.	12.72	5.60
Milk Subsidies	103.	1.78	.78
Livestock Sales	236.	4.07	1.79
Crop Sales	30.	.51	.22
Miscellaneous Sales	183.	3.16	1.39
TOTAL CASH RECEIPTS	$ 3,445.	$ 59.33	$ 26.14
Adj. for Inventory Change	$ 54.	$ .94	$ .41
TOTAL FARM RECEIPTS	$ 3,500.	$ 60.26	$ 26.55
EXPENSES:			
Milk Hauling	$ 104.	$ 1.79	$ .79
Dairy Feed	764.	13.16	5.80
Livestock Purchases	65.	1.11	.49
Vet & Drugs	34.	.59	.26
Breeding	39.	.67	.30
Dairy Supplies	75.	1.28	.57
Milk Marketing	183.	3.14	1.38
Crop Expenses	173.	2.99	1.32
Building & Fence Repair	65.	1.12	.49
Utilities	74.	1.28	.56
Tractor & Machinery Repair	177.	3.04	1.34
Truck & Auto Expense	42.	.73	.32
Interest	278.	4.78	2.11
Hired Labour	265.	4.56	2.01
Taxes	22.	.38	.17
Insurance	49.	.84	.37
Miscellaneous	177.	3.04	1.34
TOTAL CASH EXPENSES	$ 2,585.	$ 44.51	$ 19.61
Building Depreciation	$ 87.	$ 1.49	$ .66
Machinery Depreciation	278.	4.79	.79
TOTAL DEPRECIATION	$ 365.	$ 6.28	$ 2.77
TOTAL FARM EXPENSES	$ 2,949.	$ 50.79	$ 22.37
NET FARM INCOME	$ 550.	$ 9.48	$ 4.17

Section G

Net Farm Income

Analysis

One of the key factors studied when analyzing a farm business is Net Farm Income. This factor is important as it provides the return to the operator for his labour and management skills along with a return to equity capital in the business. A study of the various groupings below can provide some indication of why there are such wide variations in the Net Farm Incomes of the farms in this summary.

The one hundred and thirty-seven (137) farms in the summary were reorganized into three groupings based on Net Farm Income per Cow. These groups were - (1) the high 25 percent Net Farm Income per Cow Farms, (2) the middle 50 percent Net Farm Income per Cow Farms and (3) the low 25 percent Net Farm Income per Cow Farms.

Similiar assumptions regarding Interest on Equity, Operator and Family Labour were made for this section as were made throughout the summary.

Table G-1 provides data on a per farm basis, while Table G-2 provides the data on a per cow basis.

A review of the tables shows that the High Net Farm Income per Cow group received a return to all factors of production at the assumed levels. The middle and low groups did not receive a return sufficient to meet all costs.

The High Net Farm Income Group had Net Income per cow of $1032., while the middle and low groups averaged $510. and $71. respectfully.

Return on Equity averaged 19.2 percent for the high group, while the low group received no return to equity.

Net Income as a percent of Gross Income averaged 25.6 percent for the High Group , 14.9 for the Middle Group, and 2.3 for the Low Group.

TABLE G-1

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$ 167,869	$ 140,471	$ 105,388
Industrial Milk	57,353	47,171	38,424
Milk Subsidies	8,473	6,429	5,272
Livestock Sales	21,820	13,923	11,143
Crop Sales	2,168	1,927	1,596
Miscellaneous Sales	12,562	10,733	13,148
TOTAL CASH RECEIPTS	$ 270,244	$ 220,654	$ 174,971
Adj.for Inventory Change	$ 5,743	$ 3,514	$ 1,243
TOTAL FARM RECEIPTS	$ 275,987	$ 224,168	$ 176,214
EXPENSES:			
Milk Hauling	$ 8,083	$ 6,792	$ 5,117
Dairy Feed	53,503	53,270	36,514
Livestock Purchases	3,266	4,740	3,836
Vet and Drugs	2,433	2,357	1,652
Breeding	2,633	2,676	2,038
Dairy Supplies	5,654	4,818	3,880
Milk Marketing	15,024	11,122	9,718
Crop Expenses	13,414	10,874	9,488
Bldg.-Fence Repair	3,841	4,524	3,824
Utilities	5,355	4,575	4,572
Tract-Mach.Repair	12,111	10,671	11,991
Truck and Auto Exp	2,715	2,702	2,793
Interest	16,153	17,383	20,540
Hired Labor	18,557	16,675	16,178
Taxes	1,624	1,393	1,317
Insurance	3,335	3,051	3,079
Miscellaneous	10,624	10,871	13,127
TOTAL CASH EXPENSES	$ 178,324	$ 168,495	$ 149,663

TABLE G-1 (Cont'd)

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Bldg.Deprec.		$ 6,129	$ 5,171	$ 5,857
Mach.Deprec.		$ 20,834	$ 17,075	$ 16,579
TOTAL DEPRECIATION		$ 26,963	$ 22,246	$ 22,435
TOTAL FARM EXPENSES		$ 205,287	$ 190,742	$ 172,098
NET FARM INCOME		$ 70,700	$ 33,427	$ 4,116
Total Farm Expense		$ 205,287	$ 190,742	$ 172,098
Plus: Inventory Change		-5,743	-3,514	-1,243
Interest on Equity		24,966	12,635	8,237
Unpaid Family Labor		2,768	2,614	1,972
Operator Labor		19,979	15,946	14,062
Less: Sales (Excl. Milk)		36,550	26,585	25,887
NET COST OF PROD. MILK		$ 210,709	$ 191,839	$ 169,239
Number of Farms	(#)	34	69	34
Number of Cows/Farm	(#)	69	65	58
Litres of Milk/Farm	(L)	453,467	375,984	288,756
Price of Milk/HL	($)	51.54	51.62	51.63
Cost of Producing Milk/HL	($)	46.47	51.02	58.61
NET RETURN/HL	($)	5.07	.59	-6.98
Investment/Farm	($)	441,239	327,913	305,706
Liabilities/Farm	($)	191,576	201,563	223,334
Feed Cost/HL Milk Sold	($)	11.80	14.17	12.65
Equity in Business	(%)	56.6	38.5	26.9
Return on Equity	(%)	19.2	11.8	.0
Return on Invested Capital	(%)	14.5	9.8	2.8
Net Income / Gross Income	(%)	25.6	14.9	2.3

TABLE G-2

HIGH,MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$ 2,451	$ 2,145	$ 1,823
Industrial Milk	837	720	664
Milk Subsidies	124	98	91
Livestock Sales	319	213	193
Crop Sales	32	29	28
Miscellaneous Sales	183	164	227
TOTAL CASH RECEIPTS	$ 3,945	$ 3,370	$ 3,026
Adj.for Inventory Change	$ 84	$ 54	$ 21
TOTAL FARM RECEIPTS	$ 4,029	$ 3,424	$ 3,047
EXPENSES:			
Milk Hauling	$ 118	$ 104	$ 88
Dairy Feed	781	814	631
Livestock Purchases	48	72	66
Vet and Drugs	36	36	29
Breeding	38	41	35
Dairy Supplies	83	74	67
Milk Marketing	219	170	168
Crop Expenses	196	166	164
Bldg.-Fence Repair	56	69	66
Utilities	78	70	79
Tract-Mach.Repair	177	163	207
Truck and Auto Exp	40	41	48
Interest	236	265	355
Hired Labor	271	255	280
Taxes	24	21	23
Insurance	49	47	55
Miscellaneous	155	166	227
TOTAL CASH EXPENSES	$ 2,603	$ 2,573	$ 2,588

TABLE C-2 (Cont'd)

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Bldg.Deprec.		$ 89	$ 79	$ 101
Mach.Deprec.		$ 304	$ 261	$ 287
TOTAL DEPRECIATION		$ 394	$ 340	$ 388
TOTAL FARM EXPENSES		$ 2,997	$ 2,915	$ 2,976
NET FARM INCOME		$ 1,032	$ 510	$ 71
Total Farm Expense		$ 2,997	$ 2,915	$ 2,976
Plus: Inventory Change		-84	-54	-21
Interest on Equity		364	196	142
Unpaid Family Labor		40	40	34
Operator Labor		292	244	243
Less: Sales (Excl. Milk)		554	406	448
NET COST OF PROD. MILK		$ 3,076	$ 2,950	$ 2,927
Number of Farms	(#)	34	69	34
Number of Cows/Farm	(#)	69	65	58
Litres of Milk/Cow	(L)	6,620	5,742	4,994
Price of Milk/HL	($)	51.54	51.62	51.63
Cost of Producing Milk/HL	($)	46.47	51.02	58.61
NET RETURN/HL	($)	5.07	.59	-6.98
Investment/Cow	($)	6,441	4,787	4,463
Liabilities/Cow	($)	2,797	2,943	3,260
Feed Cost/HL Milk Sold	($)	11.80	14.17	12.65
Equity in Business	(%)	56.6	38.5	26.9
Return on Equity	(%)	19.2	11.8	.0
Return on Invested Capital	(%)	14.5	9.8	2.8
Net Income / Gross Income	(%)	25.6	14.9	2.3

Section H

Production

Analysis

In the management of a business, output per unit of input is one of the key elements to the success of that business. In the dairy business, production per farm or more particularly, production per cow is one of the key factors determining the profitablility of the farm business.

In this section of the summary, farms were reclassified according to production levels on a per cow basis. Three (3) levels were chosen as follows: (1) high 25 percent production per cow farms; (2) middle 50 percent production per cow farms, and (3) low 25 percent production per cow farms.

Assumptions regarding Operator and Family Labour and Interest on Equity were the same as used elsewhere in this summary.

Tables H-1 and H-2 present information on a per farm and per cow basis.

In analyzing the information found in the tables, it is noted that the high and medium production per cow farms achieved a return to all factors of production. The high production group showed a $2.85 net return per hectolitre and the medium production group a $ .63 net return per hectolitre.

The high production group had production of 7,166 litres per cow, while the low production group averaged 4,469 litres per cow.

TABLE H-1

HIGH,MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$ 169,513	$ 137,013	$ 110,762
Industrial Milk	56,040	48,067	37,919
Milk Subsidies	7,883	6,838	5,033
Livestock Sales	19,939	14,930	10,979
Crop Sales	1,823	1,685	2,433
Miscellaneous Sales	13,372	11,312	11,165
TOTAL CASH RECEIPTS	$ 268,570	$ 219,844	$ 178,291
Adj.for Inventory Change	$ 4,942	$ 3,220	$ 2,639
TOTAL FARM RECEIPTS	$ 273,512	$ 223,064	$ 180,930
EXPENSES:			
Milk Hauling	$ 8,174	$ 6,606	$ 5,404
Dairy Feed	56,395	51,498	37,219
Livestock Purchases	4,080	4,430	3,651
Vet and Drugs	3,089	2,139	1,439
Breeding	3,155	2,565	1,742
Dairy Supplies	5,903	4,798	3,671
Milk Marketing	15,537	11,044	9,365
Crop Expenses	14,856	9,910	10,003
Bldg.-Fence Repair	4,210	4,259	3,994
Utilities	5,170	4,874	4,150
Tract-Mach.Repair	12,848	10,618	11,362
Truck and Auto Exp	2,809	2,724	2,653
Interest	19,532	17,949	16,013
Hired Labor	21,040	15,654	15,766
Taxes	1,568	1,388	1,381
Insurance	3,618	3,054	2,790
Miscellaneous	13,909	10,479	10,637
TOTAL CASH EXPENSES	$ 195,891	$ 163,989	$ 141,241

TABLE H-1 (Cont'd)

HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Bldg.Deprec.		$ 6,765	$ 5,646	$ 4,257
Mach.Deprec.		$ 20,373	$ 17,239	$ 16,709
TOTAL DEPRECIATION		$ 27,137	$ 22,885	$ 20,965
TOTAL FARM EXPENSES		$ 223,028	$ 186,874	$ 162,207
NET FARM INCOME		$ 50,484	$ 36,190	$ 18,724
Total Farm Expense		$ 223,028	$ 186,874	$ 162,207
Plus: Inventory Change		-4,942	-3,220	-2,639
Interest on Equity		18,806	14,035	11,557
Unpaid Family Labor		1,896	2,887	2,291
Operator Labor		16,862	16,924	14,995
Less: Sales (Excl. Milk)		35,133	27,927	24,577
NET COST OF PROD. MILK		$ 220,517	$ 189,572	$ 163,833
Number of Farms	(#)	34	69	34
Number of Cows/Farm	(#)	63	64	66
Litres of Milk/Farm	(L)	453,988	372,427	295,453
Price of Milk/HL	($)	51.42	51.53	52.03
Cost of Producing Milk/HL	($)	48.57	50.90	55.45
NET RETURN/HL	($)	2.85	.63	-3.42
Feed Cost/HL Milk Sold	($)	12.42	13.83	12.60
Feed Cost as % of Total Costs	(%)	25.3	27.6	22.9
Feed Cost as % of Milk Sales	(%)	24.2	26.8	24.2
Kilograms of Feed/HL Milk Sold	(Kgs)	46.7	53.7	50.2

TABLE H-2

HIGH,MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$ 2,676	$ 2,143	$ 1,675
Industrial Milk	885	752	574
Milk Subsidies	124	107	76
Livestock Sales	315	234	166
Crop Sales	29	26	37
Miscellaneous Sales	211	177	169
TOTAL CASH RECEIPTS	$ 4,239	$ 3,439	$ 2,697
Adj.for Inventory Change	$ 78	$ 50	$ 40
TOTAL FARM RECEIPTS	$ 4,317	$ 3,489	$ 2,736
EXPENSES:			
Milk Hauling	$ 129	$ 103	$ 82
Dairy Feed	890	806	563
Livestock Purchases	64	69	55
Vet and Drugs	49	33	22
Breeding	50	40	26
Dairy Supplies	93	75	56
Milk Marketing	245	173	142
Crop Expenses	234	155	151
Bldg.-Fence Repair	66	67	60
Utilities	82	76	63
Tract-Mach.Repair	203	166	172
Truck and Auto Exp	44	43	40
Interest	308	281	242
Hired Labor	332	245	238
Taxes	25	22	21
Insurance	57	48	42
Miscellaneous	220	164	161
TOTAL CASH EXPENSES	$ 3,092	$ 2,565	$ 2,136

TABLE H-2 (Cont'd)

HIGH,MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Bldg.Deprec.		$ 107	$ 88	$ 64
Mach.Deprec.		$ 322	$ 270	$ 253
TOTAL DEPRECIATION		$ 428	$ 358	$ 317
TOTAL FARM EXPENSES		$ 3,520	$ 2,925	$ 2,453
NET FARM INCOME		$ 797	$ 566	$ 283
Total Farm Expense		$ 3,520	$ 2,925	$ 2,453
Plus: Inventory Change		-78	-50	-40
Interest on Equity		297	220	175
Unpaid Family Labor		30	45	55
Operator Labor		266	265	227
Less: Sales (Excl. Milk)		555	437	372
NET COST OF PROD. MILK		$ 3,481	$ 2,965	$ 2,478
Number of Farms	(#)	34	69	34
Number of Cows/Farm	(#)	63	64	66
Litres of Milk/Cow	(L)	7,166	5,826	4,469
Price of Milk/HL	($)	51.42	51.53	52.03
Cost of Producing Milk/HL	($)	48.57	50.90	55.45
NET RETURN/HL	($)	2.85	.63	-3.42
Feed Cost/HL Milk Sold	($)	12.42	13.85	12.60
Feed Cost as % of Total Costs	(%)	25.5	27.6	22.9
Feed Cost as % of Milk Sales	(%)	24.2	26.8	24.2
Kilograms of Feed/HL Milk Sold	(Kgs)	46.7	55.7	50.2

Section I

Investment

Analysis

The level of capital investment in a business can be an important factor in determining the profitability of that business. In this section of the summary, farms are re-grouped into three (3) classifications as follows: (1) the high 25 percent Investment per Cow Farms, (2) the middle 50 percent Investment per Cow Farms, and (3) the low 25 percent Investment per Cow Farms.

Similiar assumptions regarding Operator and Family Labour and Return on Equity were used for this section as were made throughout this summary.

Table I-1 provides data on a per farm basis , while Table I-2 provides data on a per cow basis.

The information contained in the tables reveals that no group received a return to all factors of production at the assumed levels. However, the Low Investment per Cow group came closest to achieving a positive return.

Investment per cow averaged $4,872. for the Low Investment per Cow group, and $8,077. for the High Investment per Cow group.

All groups received a Return to Equity ranging from 10.4 percent for the High Investment per Cow group, to 12.5 percent for the Low Investment per Cow group.

Net Income as a percent of Gross Farm Income ranged from 17.1 percent for the High Investment per Cow group, to 15.2 percent for the Medium Investment per Cow group.

TABLE I-1

HIGH,MEDIUM AND LOW INVESTMENT PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$ 130,506	$ 146,298	$ 130,925
Industrial Milk	40,932	48,858	51,422
Milk Subsidies	6,012	6,918	6,742
Livestock Sales	14,913	16,399	13,024
Crop Sales	1,360	2,300	1,647
Miscellaneous Sales	15,724	11,190	9,059
TOTAL CASH RECEIPTS	$ 209,447	$ 231,962	$ 212,820
Adj.for Inventory Change	$ 4,539	$ 3,000	$ 3,488
TOTAL FARM RECEIPTS	$ 213,986	$ 234,963	$ 216,308
EXPENSES:			
Milk Hauling	$ 6,182	$ 7,066	$ 6,464
Dairy Feed	41,049	50,704	54,175
Livestock Purchases	4,697	4,576	2,737
Vet and Drugs	1,912	2,325	2,242
Breeding	1,864	2,748	2,661
Dairy Supplies	4,416	5,137	4,471
Milk Marketing	9,745	12,378	12,450
Crop Expenses	11,018	11,750	10,105
Bldg.-Fence Repair	3,156	4,657	4,240
Utilities	4,660	4,921	4,565
Tract-Mach.Repair	9,740	12,269	11,119
Truck and Auto Exp	2,566	2,717	2,912
Interest	21,011	18,157	14,113
Hired Labor	13,980	18,781	16,481
Taxes	1,370	1,535	1,283
Insurance	3,390	3,213	2,694
Miscellaneous	10,999	12,348	9,755
TOTAL CASH EXPENSES	$ 151,753	$ 175,280	$ 162,465

TABLE I-1 (Cont'd)

HIGH,MEDIUM AND LOW INVESTMENT PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Bldg.Deprec.		$ 6,500	$ 5,758	$ 4,294
Mach.Deprec.		$ 19,175	$ 18,268	$ 15,818
TOTAL DEPRECIATION		$ 25,675	$ 24,026	$ 20,112
TOTAL FARM EXPENSES		$ 177,427	$ 199,306	$ 182,578
NET FARM INCOME		$ 36,559	$ 35,657	$ 33,731
Total Farm Expense		$ 177,427	$ 199,306	$ 182,578
Plus: Inventory Change		-4,539	-3,000	-3,488
Interest on Equity		16,564	15,221	11,391
Unpaid Family Labor		3,099	2,508	1,856
Operator Labor		15,739	16,166	17,644
Less: Sales (Excl. Milk)		31,997	29,889	23,731
NET COST OF PROD. MILK		$ 176,294	$ 200,310	$ 186,250
Number of Farms	(#)	34	69	34
Number of Cows/Farm	(#)	52	67	71
Litres of Milk/Farm	(L)	343,103	391,089	368,466
Price of Milk/HL	($)	51.72	51.67	51.32
Cost of Producing Milk/HL	($)	51.38	51.22	50.55
NET RETURN/HL	($)	.34	.45	.77
Investment/Farm	($)	421,652	362,880	254,331
Liabilities/Farm	($)	256,009	210,671	140,417
Feed Cost/HL Milk Sold	($)	11.96	12.96	14.70
Equity in Business	(%)	39.3	41.9	44.8
Return on Equity	(%)	10.7	11.2	12.5
Return on Invested Capital	(%)	9.2	9.7	11.1
Net Income / Gross Income	(%)	17.1	15.2	15.6

TABLE I-2

HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$ 2,500	$ 2,181	$ 1,848
Industrial Milk	784	728	726
Milk Subsidies	115	105	95
Livestock Sales	286	244	184
Crop Sales	26	34	23
Miscellaneous Sales	301	167	128
TOTAL CASH RECEIPTS	$ 4,012	$ 3,458	$ 3,004
Adj.for Inventory Change	$ 87	$ 45	$ 49
TOTAL FARM RECEIPTS	$ 4,099	$ 3,502	$ 3,053
EXPENSES:			
Milk Hauling	$ 118	$ 105	$ 91
Dairy Feed	786	756	765
Livestock Purchases	90	68	39
Vet and Drugs	37	35	32
Breeding	36	41	38
Dairy Supplies	85	77	63
Milk Marketing	187	185	176
Crop Expenses	211	175	143
Bldg.-Fence Repair	60	69	60
Utilities	89	73	64
Tract-Mach.Repair	187	183	157
Truck and Auto Exp	49	40	41
Interest	402	271	199
Hired Labor	268	280	233
Taxes	26	23	18
Insurance	65	48	38
Miscellaneous	211	184	138
TOTAL CASH EXPENSES	$ 2,907	$ 2,613	$ 2,293

TABLE 1-2 (Cont'd)

HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Bldg. Deprec.		$ 125	$ 86	$ 61
Mach. Deprec.		$ 367	$ 272	$ 223
TOTAL DEPRECIATION		$ 492	$ 358	$ 284
TOTAL FARM EXPENSES		$ 5,599	$ 2,971	$ 2,577
NET FARM INCOME		$ 700	$ 532	$ 476
Total Farm Expense		$ 5,599	$ 2,971	$ 2,577
Plus: Inventory Change		-87	-45	-49
Interest on Equity		317	227	161
Unpaid Family Labor		59	57	36
Operator Labor		301	241	249
Less: Sales (Excl. Milk)		613	446	555
NET COST OF PROD. MILK		$ 5,577	$ 2,986	$ 2,623
Number of Farms	(#)	34	69	54
Number of Cows/Farm	(#)	52	67	71
Litres of Milk/Cow	(L)	6,572	5,830	5,200
Price of Milk/HL	($)	51.72	51.67	51.52
Cost of Producing Milk/HL	($)	51.38	51.22	50.55
NET RETURN/HL	($)	.34	.45	.77
Investment/Cow	($)	8,077	6,951	4,872
Liabilities/Cow	($)	4,904	4,055	2,690
Feed Cost/HL Milk Sold	($)	11.96	12.96	14.70
Equity in Business	(%)	39.3	41.9	44.8
Return on Equity	(%)	10.7	11.2	12.5
Return on Invested Capital	(%)	9.2	9.7	11.1
Net Income / Gross Income	(%)	17.1	15.2	15.6

Section J

Summary

The 1986 Nova Scotia Dairy Farm Business Summary provides basic information and statistics on the costs and returns associated with the dairy enterprise on Nova Scotia farms. While not based on a stastically sound random sample of dairy farms, the summary can be used, with care, to assist in the analysis of the dairy enterprise by providing group average data for comparison purposes.

Table J-1 provides a brief summary of a number of cost and profit ratios and management factors that are often used when analyzing a farm business. These ratios and management factors provide useful information about the financial and production strength of the farm business. In addition, weaknesses in the farm business can be pinpointed through an analysis of these ratios and management factors.

In reviewing these ratios and management factors, the following points are worthy of comment:

- A total of 137 farms were included in the summary.
- Capital Turnover Ratio is 1.56 years.
- Equity in the farm business varied widely from farm to farm, but averaged 41.7 percent for all farms.
- Return on Equity averaged 11.3 percent with significant variation among farms.
- Net Income to Gross Income varied widely, but averaged 15.73 percent.
- Production per cow averaged 5,807 litres of milk sold.

A review of the previous sections showed that only the 20-39 Cow Group did not receive a return to all factors of production. When farms were reclassified by various criteria (Net Farm Income, Production and Investment per cow), only the High Net Income per Cow and the High and Medium Production per Cow groups also received a return greater than all costs.

In compiling the data for this summary, extreme variation among farms was noted. The variation occurred in most factors, including returns, costs and management factors. Below, we list a number of examples of the variation observed.

- Net Farm Income had a range of $1,830. per cow between the highest and lowest net incomes on a per cow basis.

- Investment per cow had a range of $ 8,600. between the highest and lowest investments on a per cow basis.

- Production per cow varied 5,602 litres per cow between the highest and lowest production on a per cow basis.

With such wide variation in many of the costs, returns and management factors, it is difficult to isolate specific characteristics that result in a profitable dairy unit. It would appear, however, that a number of the key factors of production, such as Production per Cow, Efficient Use of Capital, Efficient Use of Labour and Cost Control are of significant importance in determining the success of the farm unit.

Those farm operators who successfully combine these factors of production in the management and operation of their business achieved a reasonable return to their Capital and Management.

TABLE J-1
COST AND PROFIT RATIOS

ITEM		20-39 COWS	40-59 COWS	60-99 COWS	100+ COWS	ALL FARMS
Number of Farms		30	44	47	16	137
Number of Cows per Farm		33	50	76	130	64
COST RATIOS:						
Variable Cost as % of Total Cost		60	63	65	65	64
Fixed Cost as % of Total Cost		23	21	21	20	21
Opportunity Cost as % of Total Cost		17	16	15	15	15
EARNING AND SOLVENCY RATIOS:						
Capital Turnover	(Yrs)	1.77	1.62	1.56	1.38	1.56
Farm Equity	(%)	34.7	38.6	42.3	48.9	41.7
Return on Equity	(%)	4.01	10.2	11.90	13.7	11.28
Current Ratio	(%)	11.04	5.47	5.51	11.78	6.60
Net Capital Ratio	($)	1.53	1.63	1.73	1.96	1.71
Debt to Equity Ratio	($)	1.88	1.59	1.37	1.04	1.40
Net Income/Gross Income	(%)	13.59	16.12	15.46	16.84	15.73
MANAGEMENT FACTORS:						
Cows/Man Equivalent	(#)	20	22	26	31	25
Milk Sold/Cow	(L)	5988	5803	5813	5716	5807
Milk Sold/Man Equivalent	(L)	120355	130287	152328	176288	144242
Purchased Feed/Cow	($)	802	772	738	784	764
Purchased Feed/Cow	(Kgs)	2968	2889	2819	3255	2956
Feed as % of Milk Sold	(%)	26.0	25.9	24.5	26.5	25.5
Feed as % of Total Costs	(%)	25.9	26.1	24.7	27.9	25.9
Feed/HL Milk Sold	(Kgs)	49.57	49.85	48.50	56.94	50.90
Feed Cost/HL Milk Sold	($)	13.41	13.31	12.69	13.71	13.16

Appendix

The Tables in the Appendix outline Per Farm, Per Cow, Per Hectolitre, Per Hundredweight and Percentage figures for all farms combined in the summary.

The Appendix also provides a Glossary of Terms used throughout the Summary. A brief definition or explanation of each term is also provided.

RECEIPTS AND EXPENSES SUMMARY

ITEM	PER FARM	PER COW
RECEIPTS:		
Fluid Milk	$ 138,564	$ 2,154
Industrial Milk	47,527	739
Milk Subsidies	6,649	103
Livestock Sales	15,193	236
Crop Sales	1,905	30
Miscellaneous Sales	11,786	183
TOTAL CASH RECEIPTS	$ 221,624	$ 3,445
Adj.for Inventory Change	$ 3,503	$ 54
TOTAL FARM RECEIPTS	$ 225,127	$ 3,500
EXPENSES:		
Milk Hauling	$ 6,697	$ 104
Dairy Feed	49,169	764
Livestock Purchases	4,150	65
Vet and Drugs	2,201	34
Breeding	2,507	39
Dairy Supplies	4,793	75
Milk Marketing	11,742	183
Crop Expenses	11,160	173
Bldg.-Fence Repair	4,181	65
Utilities	4,768	74
Tract-Mach.Repair	11,356	177
Truck and Auto Exp	2,728	42
Interest	17,861	278
Hired Labor	17,019	265
Taxes	1,431	22
Insurance	3,128	49
Miscellaneous	11,370	177
TOTAL CASH EXPENSES	$ 166,261	$ 2,585
Bldg.Deprec.	$ 5,579	$ 87
Mach.Deprec.	$ 17,885	$ 278
TOTAL DEPRECIATION	$ 23,464	$ 365
TOTAL FARM EXP.	$ 189,724	$ 2,949
NET FARM INCOME	$ 35,403	$ 550

RECEIPTS AND EXPENSES SUMMARY

PER 100 LITRES	PER CWT	PERCENTAGE
$ 37.09	$ 16.34	61.5
12.72	5.60	21.1
1.78	.78	3.0
4.07	1.79	6.7
.51	.22	.8
3.16	1.39	5.2
$ 59.33	$ 26.14	98.4
$ .94	$ .41	1.6
$ 60.26	$ 26.55	100.0
$ 1.79	$ .79	3.5
13.16	5.80	25.9
1.11	.49	2.2
.59	.26	1.2
.67	.30	1.3
1.28	.57	2.5
3.14	1.38	6.2
2.99	1.32	5.9
1.12	.49	2.2
1.28	.56	2.5
3.04	1.34	6.0
.73	.32	1.4
4.78	2.11	9.4
4.56	2.01	9.0
.38	.17	.8
.84	.37	1.6
3.04	1.34	6.0
$ 44.51	$ 19.61	87.6
$ 1.49	$ .66	2.9
$ 4.79	$ 2.11	9.4
$ 6.28	$ 2.77	12.4
$ 50.79	$ 22.37	100.0
$ 9.48	$ 4.17	.0

GLOSSARY OF TERMS

ASSETS - All items of value owned by the farm business.

CAPITAL TURNOVER - The length of time, measured in years, that is required to generate sufficient income to equal total capital invested in the farm business. The ratio is Total Capital Invested divided by Total or Gross Farm Income.

CASH EXPENSES - The sum of all cash expenses expended by the farm business during the year. This includes such items as feed, livestock purchased, hired labour, interest and marketing costs.

DEPRECIATION - This is an amount which represents the loss in value of an asset over a certain period of time due to the number of years of remaining life, the amount of use and obsolescence. In this summary, tax depreciation rates are used.

EQUITY - This is the difference between the value of the assets and liabilities and represents the value of assets that would remain if all debts were paid off. Further it represents the capital contribution to the business by the owner.

FARM RECEIPTS - The sum of all cash receipts received by the business during the year. This includes such items as fluid milk sales, livestock sales and miscellaneous sales.

INTERMEDIATE TERM LIABILITIES - This is debt owed by the business to others with a usual term of from 1 to 10 years.

INVENTORY ADJUSTMENT - This represents an increase or decrease in the value of inventory (livestock, crops, supplies) held by the farm to earn income.

LABOUR AND MANAGEMENT INCOME - This term represents Net Farm Income with an Adjustment made for unpaid family labour and interest on equity. It represents a return to the operator for his labour and management skills after all other costs have been deducted.

LIABILITIES - Debts owed by the business to others.

LONG TERM LIABILITIES - Debts of greater term than 10 years.

MAN EQUIVALENTS - Total number of months of labour including operator, hired and unpaid family labour divided by 12 to reduce the total labour force to the equivalent of the number of men employed on a yearly basis.

NET FARM INCOME - Total Farm Income minus Total Farm Expenses. This represents the return to the farm, the operator and family for labour, management and capital.

RETURN TO EQUITY - This represents the return to the owners capital after adjustments have been made for operator labour. The calculation is:

(Net Farm Income - Operator Labour)*100 Divided by the Equity

RETURN TO INVESTED (TOTAL) CAPITAL - This represents the rate of return achieved by the total capital invested in the farm business. The calculation is: (Net Farm Income + Interest Paid - Operator and Family Labour)*100 divided by Total Capital Investment (Total Assets)

SHORT TERM LIABILITIES - Debts owed by the business that have a term of less than one (1) year. Short term may also be called Current.